

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
)	
Telecommunications Carriers Eligible for Universal Service Support)	WC Docket No. 09-197
)	
)	
Connect America Fund)	WC Docket No. 10-90

REPLY COMMENTS OF
UNITED STATES CELLULAR CORPORATION

United States Cellular Corporation (“U.S. Cellular”), by counsel and pursuant to the Commission’s Public Notice (“Notice”),¹ hereby submits reply comments in the above-captioned proceedings. U.S. Cellular takes this opportunity to comment specifically on the issue of de-linking Lifeline obligations from Eligible Telecommunications Carrier (“ETC”) status.

I. Introduction and Background.

For over fifteen years, U.S. Cellular has been an eligible telecommunications carrier (“ETC”) providing commercial mobile wireless service to consumers in fifteen states as a participant in the High-Cost, Lifeline, and Mobility Fund programs. As the Commission stated in

¹ Public Notice, *Wireline Competition Bureau Announced Comment Deadlines for Lifeline Reform Second Further Notice of Proposed Rulemaking*, DA 15-828 (rel. July 17, 2015). On August 5, 2015, the Commission extended the comment and reply comment deadlines, respectively, to August 31 and September 30. *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-41 *et al.*, Order, DA 15-885 (Wireline Comp. Bur., rel. Aug. 5, 2015), at para. 6.

its 2011 *CAF Order*, legacy High-Cost support to competitive ETCs is being phased down.² That phase-down has been paused pursuant to 47 C.F.R Section 54.307(e)(5).³ At some point in the future, it is anticipated that the Commission will finish winding down the legacy mechanism and replace it with a Mobility Fund that provides ongoing support for the construction and operation of mobile broadband networks in rural and high-cost areas.⁴

II. Discussion.

In January 2012, AT&T filed an ex parte letter seeking to de-link Lifeline from ETC status.⁵ In its filing, AT&T noted that wireline ETCs have no choice but to participate in the Lifeline program, even though customers were increasingly turning to prepaid wireless carriers for Lifeline service. As a solution, AT&T asked the FCC to “immediately establish separate Lifeline Provider designation and provide all carriers the option to be designated or not.”

² *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109, *Universal Service Reform—Mobility Fund*, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (“*CAF Order*”), *aff’d sub nom. In re FCC 11-161,703* F.3d 1015 (10th Cir. May 23, 2014).

³ This subsection reads, in pertinent part: “In the event that the implementation of Mobility Fund Phase II has not occurred by June 30, 2014, competitive eligible telecommunications carriers will continue to receive support at the level described in paragraph (e)(2)(iii) of this section until Mobility Fund Phase II is implemented.”

⁴ See *CAF Order*, *supra*, 26 FCC Rcd at 17773, para. 299.

⁵ Letter from Mary L. Henze, AT&T, to Marlene Dortch, FCC, filed in WC Docket Nos. 11-42 and 03-109 (Jan. 24, 2012) (“AT&T Letter”).

A month later, in the *Further Notice of Proposed Rulemaking* accompanying its 2012 *Lifeline Reform Order*, the Commission sought comment on AT&T's proposal.⁶

In response, U.S. Cellular joined with a number of other wireless ETCs in supporting the notion of de-linking Lifeline from ETC status, emphasizing that all ETCs, not just wireline incumbents, should be allowed to choose whether to participate in the Lifeline program.⁷ The joint commenters argued that, for carriers with relatively few Lifeline customers, compliance with the Commission's Lifeline regulations represented a particularly large burden in terms of per-customer cost. The joint commenters also noted that it may not be cost-effective for USAC to audit a company with a few hundred or even a few thousand Lifeline customers, compared to auditing a company with hundreds of thousands, or millions of Lifeline customers. In addition, the joint comments emphasized that allowing ETCs to opt out of Lifeline would serve the Commission's objectives of reducing burdens on the Lifeline program, while ensuring that customers have access to at least one Lifeline provider in all markets. U.S. Cellular incorporates those comments by reference.

In the *Second Further Notice*, the Commission now puts the issue up for comment again, asking whether it should "relieve ETCs of the obligation to provide Lifeline supported service, pursuant to their ETC designation, in specific areas in which there is a sufficient number of Lifeline providers."⁸ In comments filed on August 31, several parties expressed support for the proposal.

⁶ *Lifeline and Link Up Reform, et al.*, WC Docket No. 11-42, *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656 (2012) ("*2012 Lifeline Reform Order*").

⁷ Comments of U.S. Cellular, *et al.* in WC Docket No. 11-42, *et al.* (April 2, 2012).

⁸ *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-41 *et al.*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order,

For example, US Telecom notes that “[a]mple competition exists in today’s voice marketplace, whereby multiple providers are positioned to provide Lifeline supported service to consumers.”⁹

Both US Telecom and AT&T emphasize that there is no statutory impediment to the Commission relieving ETCs of their obligation to participate in Lifeline.¹⁰ The Alaska Rural Coalition, referring to AT&T’s previous request, argues that “[s]mall, rural carriers should not be forced to continue to provide Lifeline services if large, national carriers no longer have that obligation.”¹¹ The Lifeline Joint Commenters, a group consisting of prepaid wireless resellers providing Lifeline, express support for increasing competition in the Lifeline marketplace but argue that “no provider should be required to provide Lifeline where it is not in their business interest to do so.”¹²

U.S. Cellular agrees with these comments and urges the Commission to de-link Lifeline from ETC status. The Commission’s proposal is permissive, not mandatory, allowing carriers to determine whether they wish to participate in the Lifeline program going forward. As noted by commenters in support of the proposal, many wireless resellers whose business model focuses on Lifeline and whose discounted services have proliferated throughout the country.¹³ In addition to wireline ETCs, in virtually every state there are multiple wireless competitive ETCs, including wireless resellers with ETC designations that cover all or substantially all of the state.¹⁴

and Memorandum Opinion and Order, 30 FCC Rcd 7818, 7864 (2015) (“*2015 Lifeline Order*” and “*Second Further Notice*”).

⁹ US Telecom Association Comments at pp. 4-5.

¹⁰ *Id.* at p. 5; AT&T Comments at p. 29.

¹¹ Alaska Rural Coalition Comments at p. 15.

¹² Comments of the Lifeline Joint Commenters at p. 57.

¹³ *See, e.g.*, US Telecom Comments at pp. 3-4; Small Carrier Coalition Comments at p. 7.

¹⁴ *See* <http://www.lifelinesupport.org/lis/companies/companies.aspx> (viewed Sept. 25, 2015).

Often, there are five or more wireless resellers competing for Lifeline customers in a single state. Thus, in nearly all states, customers will have multiple alternatives if an existing ETC withdraws from providing Lifeline.

U.S. Cellular also notes that the peculiarities of high-cost ETC designations have, in many cases, resulted in illogical patchwork of areas in which an ETC can provide Lifeline-supported service. Many, if not most, ETC designations for high-cost support occurred during the “identical support” era. U.S. Cellular and other applicants were required to leave out significant areas from their requested ETC service areas because of concerns about “cream skimming” in areas with high population density. Ironically, high density areas also tend to have higher concentrations of low-income individuals who may qualify for Lifeline. It is frustrating for eligible individuals, and difficult from a compliance standpoint, when discounted service cannot be provided because an applicant resides in an area that was omitted from an ETC designation for reasons that are irrelevant to Lifeline. These arbitrary geographies are a compelling reason why ETC status should not be linked with an obligation to provide Lifeline.

None of those commenters opposing the Commission’s proposal give convincing reasons for continuing to force all ETCs to provide Lifeline. The Massachusetts Department of Telecommunications and Cable (“DTC”) believes the proposal would “eliminate consumer choice” since “numerous” consumers continue to rely on wireline service.¹⁵ While some consumers may continue to receive wireline service, consumers increasingly rely on wireless service.¹⁶ Indeed, in Massachusetts, between 2011 and 2014, Lifeline support to wireline carriers

¹⁵ See Massachusetts DTC Comments at p. 5.

¹⁶ See US Telecom Comments at pp. 3-4.

decreased from \$8.3 million to \$3.0 million, while support to wireless carriers increased from \$21.5 million to \$29.6 million.¹⁷ U.S. Cellular submits that this is typical of the trend nationwide, and this suggests that customers can generally choose from an abundance of wireless Lifeline providers if their wireline provider ceases to offer Lifeline service.

The Michigan Public Service Commission (“PSC”) expresses the concern that “it is unclear how the FCC would relieve ETCs of their obligation if those providers obtained their ETC designations from the states.”¹⁸ As AT&T notes in its comments, the requirement to provide Lifeline service was not imposed by statute but by Commission rule, so relinquishment requirements do not apply.¹⁹ If the Commission amends its rules and de-links Lifeline from ETC status, there should be no need for an ETC to file for relinquishment with the state or with the Commission. Nonetheless, since many ETC designations were granted on the condition that Lifeline be provided, it is appropriate to require a filing that notifies the appropriate agency of the carrier’s intent to cease providing Lifeline. As the Small Carrier Coalition argued, the Commission should encourage state commissions to adopt a streamlined process which places the burden on opponents to demonstrate the request is not in the public interest.²⁰

¹⁷ See USAC Low-Income Appendix LI05, available at: <http://www.usac.org/about/tools/fcc/filings/default.aspx>.

¹⁸ Michigan PSC Comments at p. 13.

¹⁹ See AT&T Comments at p. 29.


²⁰ Small Carrier Coalition Comments at p. 9.

III. Conclusion.

For the reasons set forth above, U.S. Cellular requests that the Commission de-link Lifeline from ETC status and permit carriers to cease providing Lifeline at their option.

Respectfully submitted,

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